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INSURANCE COMMISSIONER
COMPANY SUPERVISION

VIA HAND DELIVERY

James T. Odiorne, Esq.
Deputy Insurance Commissioner
Company Supervision Division
Office of Insurance Commissioner
5000 Capitol Boulevard
Tumwater, WA 98512

Re: UnitedHealth Group Incorporated – September 29, 2005 Meeting

Dear Mr. Odiorne:

During our meeting on September 29, you asked for additional information with regard to the role of goodwill in the financial statements of UnitedHealth Group Incorporated ("UnitedHealth" or the "Company").

Upon the completion of the merger, PacifiCare Health Systems, Inc ("PacifiCare") customers will benefit from the financial strength that UnitedHealth brings to PacifiCare. It is anticipated that all of PacifiCare's approximately $1.1 billion in existing debt will be retired upon the completion of the merger, further strengthening PacifiCare's financial condition. The merger will have no adverse impact on the reserves or financial condition of PacifiCare's Washington-domiciled HCSC, PacifiCare of Washington, Inc. To the contrary, UnitedHealth has historically been able to infuse and downstream capital to subsidiaries from available cash on hand and cash generated from operations. UnitedHealth will be able to do this after the closing of the PacifiCare transaction as well. As of June 30, 2005, UnitedHealth had $305 million in available cash on hand, and had generated cash flow from its various operating businesses of $2.5 billion. UnitedHealth expects to generate a total of $4.7 billion in Cash Flow from Operations in 2005.

UnitedHealth is a recognized leader in designing, organizing and managing health and well-being services and it currently serves approximately 56 million Americans through its subsidiary insurers and health maintenance organizations, third party administrators and other service providers. UnitedHealth manages approximately $60 billion per year in aggregate health care spending. In 2004, UnitedHealth's revenues exceeded $37.2 billion (in comparison to PacifiCare's revenues of approximately $12.2 billion for such period), and its net income was approximately $2.6 billion (in comparison to PacifiCare's net income of approximately $0.3 billion for such period). For the six months ended June 30, 2005, UnitedHealth's revenues rose almost 31% to $22 billion (in comparison to PacifiCare's revenues of approximately $7.0 billion for such period) and its net income rose by 38% to $1.6 billion. (in comparison to PacifiCare's net income of approximately $0.2 billion for such period)

UnitedHealth currently holds a rating of "A" from Standard and Poor's and "A2" from Moody's Investors Service. These are the best debt ratings of any publicly traded health care company. In fact, Standard and Poor's Ratings Services issued a report dated June 9, 2005 identifying UnitedHealth as the highest rated publicly traded company providing managed care and personal health insurance based on its financial strength. As the report stated "UnitedHealth's extremely strong and stable operating profile has been fostered by good underwriting discipline, expense management, benefit design, and a strong brand franchise...". Furthermore, the ratings of PacifiCare have been put on watch with positive implications for an upgrade as a direct result of the proposed acquisition by UnitedHealth.

As further evidence of UnitedHealth's financial strength, as reported in the Company's annual SEC filings, UnitedHealth has experienced a significant increase in its annual cash flow from operations and earnings from operations over the past five years, as set forth in the table below:

Year Ended December 31,	Consolidated Cash Flows From Operating Activities	Earnings From Operations
1999	$1.19 billion	$ 0.94 billion
2000	$1.52 billion	$ 1.20 billion
2001	$1.84 billion	$ 1.57 billion
2002	$2.42 billion	$ 2.19 billion
2003	$3.00 billion	$ 2.94 billion
2004	$4.14 billion	$ 4.10 billion

Further, UnitedHealth recently announced forecasted 2005 consolidated cash flow from operations of approximately $4.7 billion and earnings from operations of approximately $5.3 billion.

Health care companies generate significant value to shareholders/owners via assets that cannot be separately reported under Generally Accepted Accounting Principles ("GAAP") or Statutory Accounting Principles ("SAP"). UnitedHealth and other companies in the health insurance industry do not rely on tangible assets such as inventory and equipment to generate future cash flows; rather, they rely on contracts with customers, contracts with care providers, intellectual property and other intangible assets. Under GAAP (SFAS 141 and APB 17), internally developed intangible assets such as trademarks, provider networks and customer lists cannot be capitalized. Thus, some of the most significant economic value drivers of the managed care business model are not recorded on the balance sheet.

Additionally, UnitedHealth acquired approximately $880.0 million in intangible assets in the Oxford Health Plans, Inc. ("Oxford") and Mid Atlantic Medical Services, Inc. ("MAMSI") mergers in the form of customer contracts, provider networks and trademarks. These previously acquired intangible assets have significant value in the form of positive future cash flows that are also excluded from the calculation of tangible net equity ("TNE"). The PacifiCare transaction is expected to add approximately $6.4 billion in goodwill, $11.5 billion in total assets, $3.0 billion in debt and $6.1 billion in shareholders' equity to UnitedHealth's consolidated balance sheet. Like the Oxford and MAMSI mergers, significant assets driving future cash flow generation will be excluded from the calculation of TNE following the completion of the merger with PacifiCare.

Goodwill, which represents the fair value of the business in excess of net assets acquired, is supported by the future cash flows anticipated from UnitedHealth and its affiliates today and is expected to continue following the completion of the merger with PacifiCare. As of June 30, 2005, UnitedHealth and its subsidiaries have goodwill of approximately $9.7 billion, or 34% of total assets, with a large majority of the goodwill carried on the books of non-regulated entities. Under GAAP, goodwill is no longer amortized, but must be tested at least annually for impairment by comparing the goodwill carrying value to the cash flows attributable to the acquired assets which generated the goodwill. UnitedHealth's outside auditors review and confirm that the carrying value of goodwill is supported by the cash flow attributable to the acquired assets as part of the ongoing auditing of the financial statements of UnitedHealth and its subsidiaries. The Company's strong cash flows, described above, continue to support the value of goodwill that was booked at the time of its acquisitions.

Since January 1, 1999, UnitedHealth has not reported any decreases to earnings or shareholders' equity attributable to impairment of goodwill or other intangible assets resulting from any acquisitions. Also, UnitedHealth does not currently foresee any future decreases in earnings or shareholders' equity attributable to any such impairment. Since the cash flows used in testing for such impairment are attributable to the asset being tested, the fact that UnitedHealth has not recorded any recent goodwill or other intangible asset impairments indicates that acquisitions have generated strong cash flows after being successfully integrated into UnitedHealth's operations. Finally, although goodwill increased by $7.6 billion on approximately $9.7 billion in acquisitions since January 1999, UnitedHealth's consolidated cash flows from operating activities has increased from $1.19 billion to $4.14 billion, or nearly 250% over the same period. Moreover, UnitedHealth's market capitalization has increased from $8.2 billion to $65.0 billion, or nearly 700% since January 1999. Clearly, UnitedHealth's acquisition strategy has and will continue to enhance its ability to generate cash flows that more than support any goodwill UnitedHealth will carry on its balance sheet.

It should also be noted that the national rating agencies take UnitedHealth's historical and projected cash flows into consideration when assigning credit ratings to healthcare entities. UnitedHealth's current rating of A from Standard and Poors and A2 from Moody's Investors Service are not expected to be adversely impacted by the proposed acquisition of PacifiCare.

The PacifiCare transaction is expected to be accretive to UnitedHealth's earnings, including the impact of incremental amortization expense associated with acquired intangible assets.

I trust the foregoing fully addresses your inquiry.

Very truly yours,

RYAN, SWANSON & CLEVELAND, PLLC

James E. Hadley

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cc: *Via Facsimile Only*
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